

**STATE OF CALIFORNIA
DEPARTMENT OF CORPORATIONS
COMPARISON OF SAMPLE MORTGAGE FEATURES: TYPICAL MORTGAGE TRANSACTION**

(Note to borrower: The information below provides only an estimate and samples of loan payment and loan balance scenarios. Borrower should carefully review all loan documents to confirm the actual amount, rate and scenario of his or her loan.)

	Principal and Interest	Interest Only	5/1 ARM	Interest Only	Option Payment
PROPOSED LOAN AMOUNT \$ _____ ____-YEAR TERM	Fixed Rate (____%)	Fixed Rate (____%) Interest Only for First 5 Years	Fixed Rate for First 5 Years; Adjustable Each Year After First 5 Years (Initial rate for 1 to 5 is ____%; Maximum Rate is ____%)	Interest Only and Fixed Rate for First 5 Years; Adjustable Rate Each Year After First 5 Years (Initial rate for 1 to 5 is ____%; Maximum Rate is ____%)	Adjustable Rate for Entire Term of the Mortgage (Rate in month 1 is ____ %; Rate in month 2 through year 5 is ____%; Maximum Rate is ____%)

Payment Scenarios

Minimum Monthly Payment Years 1–5 except as noted	\$ _____ *	\$ _____	\$ _____	\$ _____	\$ _____ *** (1 st year only)
Monthly Payment in Year 6 with no change in rates	\$ _____	\$ _____ **	\$ _____	\$ _____	\$ _____
Monthly Payment in Year 6 with a 2% rise in rates	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
Minimum Monthly Payment	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
Your Gross Income	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
Difference	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
Maximum Monthly Payment in Year 6 with a 5% rise in rates	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
Your Gross Income	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
Difference	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____

Loan Balance Scenarios

How much will be owed after 5 years?	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
Has the loan balance been reduced after 5 years of payments?	Yes The loan balance was reduced by \$ _____	No The loan balance was not reduced	Yes The loan balance was reduced by \$ _____	No The loan balance was not reduced	No The loan balance increased by \$ _____

* This illustrates an interest rate and payments that are fixed for life of the loan.

** This illustrates payments that are fixed after the first five years of the loan at a higher amount because they include both principal and interest.

*** This illustrates minimum monthly payments that are based on an interest rate that is in effect during the first month only. The payments required during the first year will not be sufficient to cover all of the interest that is due when the rate increased in the second month of the loan. Any unpaid interest amount will be added to the loan balance. Minimum payments for years 2-5 are based on the higher interest rate in effect at the time, subject to any contract limits on payment increases. Minimum payments will be recast (recalculated) after 5 years, or when the loan balance reaches a certain limit, to cover both principal and interest at the applicable rate.